



FACT SHEET

Five Things to Know About PG&E's Wildfire Safety Issues

Pacific Gas and Electric has shown us time and again that it is not protecting its customers. The company's repeated mistakes led to wildfires in five of the last six years. PG&E's failures have taken a devastating toll killing more than 120 people. Holding PG&E accountable has never been more urgent. This fact sheet helps explain the moving parts.

The Public Advocates Office (Cal Advocates) works to ensure utility equipment caused fires are reduced or eliminated due to our involvement in the Wildfire Mitigation Plan process (and other processes) before the California Public Utilities Commission. The role of Cal Advocates is to:

- Make sure the utilities' programs reduce as much wildfire risk as possible
- Ensure the programs are cost-effective
- Assess the programs to make sure they are happening as planned
- Seek to hold utilities accountable by recommending remedies or penalties when necessary

So, what are the multiple moving pieces associated with PG&E's wildfire mitigation issues, and how do they all connect?

1. PG&E's Wildfire Mitigation Plan

Cal Advocates identified significant flaws in PG&E's 2021 Wildfire Mitigation Plan and submitted recommendations to the Wildfire Safety Division to reject PG&E's Plan until the company fixes the deficiencies. The Wildfire Safety Division issued a correction notice to PG&E on May 5, 2021. PG&E has 30 days to respond with an updated Plan.

Electric Utilities' Wildfire Mitigation Plans

State law requires each electric utility to submit a Wildfire Mitigation Plan (or an update to its plan) every year. Cal Advocates critiques the Plans, recommends improvements, and submits its analysis to the Wildfire Safety Division. The Wildfire Safety Division decides whether to approve or reject each plan. In some cases, the Wildfire Safety Division may require revisions to a plan. The CPUC then votes to ratify the Wildfire Safety Divisions' decisions.

An approved Wildfire Mitigation Plan is one of the requirements for the utility to receive a safety certificate.

2. PG&E's Safety Certificate

The Wildfire Safety Division issued PG&E's 2021 safety certificate on January 14, 2021. The Utility Reform Network (TURN), a consumer advocacy nonprofit, asked the CPUC to review whether the Wildfire Safety Division's decision was correct, which led the CPUC to draft a resolution upholding

the decision. Subsequently, the CPUC withdrew the draft resolution from its April 15, 2021 voting meeting agenda, which had the effect of affirming the PG&E Safety Certificate.

Electric Utilities' Safety Certificates

In 2019, California passed a law whereby the Wildfire Safety Division grants a safety certificate to an electric utility after completing an annual review process on safety performance. Having a current safety certificate gives a utility access to the state Wildfire Fund, which pays the costs of wildfire damages.

3. CPUC's Enhanced Oversight and Enforcement Process for PG&E

On April 15, 2021, the CPUC issued a resolution that places PG&E into the first step of an enhanced oversight and enforcement process. The resolution directs PG&E to submit a corrective action plan within 20 days and progress reports every 90 days. The CPUC's enhanced oversight and enforcement process for PG&E has six steps, each triggered by specific failures or events.

CPUC established the Enhanced Oversight and Enforcement process as a condition of approving PG&E's plan for exiting bankruptcy in May 2020. This process provides a roadmap for how the CPUC monitors PG&E's performance.

4. Court-appointed Federal Monitor over PG&E

PG&E is currently on federal criminal probation in a case stemming from the 2010 San Bruno gas explosion. As a condition of probation, the court-appointed an independent team of experts (including attorneys and engineers) to oversee PG&E's safety practices. This team, known as the Federal Monitor, reports periodically to U.S. District Judge William H. Alsup.

The Federal Monitor identified major shortcomings in PG&E's quality control and prioritization of work. PG&E's quality control problems included failing to mark and perform work to trim or remove trees, inadequate training of its workers, and flawed data tracking. The Federal Monitor has also observed multiple occasions where PG&E made equipment inspections and vegetation management in low-risk areas before addressing the most serious risks.

5. Independent Safety Monitor (pending)

PG&E's federal probation (and the Federal Monitor's role) will end in January 2022. As a condition of approving PG&E's exit from bankruptcy in 2020, the CPUC directed PG&E to establish a successor to the Federal Monitor and specified that this new "independent safety monitor" would report to the CPUC and be "functionally equivalent" to the Federal Monitor.

In March 2021, PG&E proposed to create an Independent Safety Monitor with a 2-year term, a limited budget, and a workplan subject to PG&E's influence. Cal Advocates protested this proposal as wholly inadequate and inconsistent with the CPUC's direction.

In its reply on April 12, 2021, PG&E argued against having an effective and independent overseer that would help make sure the utility operates safely. Instead of creating an Independent Safety Monitor who can hire a skilled, capable team like the current Federal Monitor, PG&E proposes to have a monitor with a small budget and a small staff.